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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 08/30/06

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- 5) Prime Minister Koizumi in Uzbekistan urges democratization
- 6) Russians to release two Japanese crewmen today, but keep fishing boat captain in custody

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- 8) MOFA seeking 12% increase in official development assistance (ODA) budget for fiscal 2007
- 9) LDP's Koichi Kato claims, "US-Japan relations have grown cold"

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- (1) Oji's failure will not stop corporate restructuring trend (2) Information disclosure essential to safe products

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- (1) Special interest rates will not eliminate gray zone
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Abe's plan goes against Constitution and global trends

3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, August 29

NIHON KEIZAI (Page 2) (Full)

August 30

Morning

Left the Rixos President Hotel in Astana, Kazakhstan. Offered flowers and planted a tree at the national memorial park. Darted from Astana International Airport on government plane.

Noon

Arrived at Tashkent Airport Uzbekistan.

Afternoon

Held informal meeting with accompanying reporters at Intercontinental Hotel in Tashkent.

Evening

Photo session. Welcoming party. Meeting with President Karimov. Signing ceremony for joint statement. Press conference.

Night

Dinner party hosted by the president at the palace.

4) MOFA poll in US: Record 63% see ties with Japan as good

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YOMIURI (Page 2) (Full) August 30, 2006

The Ministry of Foreign Affairs yesterday released findings from its recent public opinion survey conducted in the United States. In the survey, respondents were asked if they thought Japan-US relations were in good shape. In response to this question, "yes" accounted for 63% among the general public and 85% among experts, both marking an all-time high. Respondents were also asked to pick America's most important partner in Asia, and Japan stayed at the top. However, China closed the gap.

Asked if they think Japan is a reliable friend, "yes" accounted for 69% among the general public and an all-time high of 91% among experts. Those thinking Japan and the United States share values accounted for 78% among the general public and 96% among experts. The figures were as high as those in last year's survey.

In addition, the Japan-US Security Treaty was also highly appreciated. Respondents were asked if they thought the security pact has contributed to peace and stability in Japan and the Far East. In response, "yes" accounted for 71% among the general public and 82% among experts.

Respondents were further asked to name the country that is the most important partner of the United States in Asia. Japan topped all other countries at 45% among the general public and 47% among experts. However, both figures were slightly down from last year. China stood at 33% among the general public, up 7 percentage points, and 43% among experts, up 5 points. China closed in on Japan among experts in particular.

MOFA believes this reflects the rise of China and its rapid economic growth.

The survey has been conducted almost every year since 1960. This year's survey was carried out over the telephone by a US private-sector pollster from February through March. For the survey, a total of 1,500 persons were chosen from among US citizens aged 18 and over and another total of 254 from among experts.

5) Koizumi in summit urges Uzbekistan to promote democratization, agrees to cooperate in developing uranium mines

YOMIURI (Page 2) (Full) August 30, 2006

Makoto Miyazaki, Tashkent

In a meeting with Uzbekistan President Islam Karimov in Tashkent, the capital of Uzbekistan, on the evening of Aug. 29, Prime Minister Koizumi urged that nation to pursue democratization and improve the human rights situation. The two leaders agreed to cooperate in developing natural resources, including natural uranium.

The two leaders issued a joint statement stressing the need for closer cooperation in economic and environmental areas.

Last May, many citizens were killed when the government put down riots in Uzbekistan, drawing criticism from the United States and European countries.

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Prime Minister Koizumi told Karimov: "Uzbekistan should step up efforts to promote democratization, protect human rights, and to achieve an economy based on market principles. Enriching people's lives through such efforts will contribute to preventing radicalism from spreading across the nation and to bringing about stability." Karimov replied: "We will continue to pursue democratization and a market economy."

On the development of uranium mines, both agreed to promote the exchange of information at the public and private levels. They also affirmed the need to steadily implement the action program on measures against terrorism and narcotics agreed on in the foreign ministerial meeting of Japan and Central Asian countries this June.

The president expressed his support for Japan's bid for a permanent seat on the United Nations Security Council.

6) Russia to release two crewmembers caught in shooting incident today

YOMIURI (Page 1) (Full) August 30, 2006

Toru Kaneko, Moscow

The Russian Foreign Ministry notified to the Japanese Embassy in Moscow at noon on Aug. 29, local time, that it was ready to release two crewmembers on the 30th. The two were captured in the recent incident in which a Russian Border Coast Guard patrol vessel fired on the Japanese fishing boat Kisshin Maru No. 31 in waters near the northern territories.

The two are Akiyoshi Kawamura, 29, and Haruki Kamiya, 25. Captain Noboru Sakashita, 59, will not be released with them, since he will be indicted in court in the Southern Kurile District on Kunashiri Island for border violation and poaching. The seized boat is also unlikely to be returned this time.

According to Russian government sources, coordination is underway on a plan for Russia to hand Kawamura and Kamiya over to a fisheries patrol boat of the Hokkaido government from a Russian patrol boat on the sea in the Nemuro Strait, located between Hokkaido and Kunashiri, around noon on Aug. 30, local time. Foreign Ministry officials will also board the fisheries patrol boat.

The Japanese government will continue to ask the Russian government to release the captain and return the ship.

In the incident that took place on the morning of Aug. 16, another crewman, Mitsuhiro Morita, 35, was shot and killed.

7) MOFA requests increase in personnel by 312, new construction of overseas diplomatic establishments

YOMIURI (Page 2) (Full) August 30, 2006

The Ministry of Foreign Affairs (MOFA) yesterday firmed up the specifics of its general-account budget requests for fiscal 2007. With the aim of strengthening Japan's diplomacy, it has decided to ask for the new construction of 10 diplomatic missions in such

countries as Lithuania, Malawi, and Botswana and an increase in the number of its personnel. Following the suicide of an official at the Consulate General in Shanghai, 904 million yen, an increase of 62% over the previous year, has been appropriated to strengthen intelligence and defense. For official development assistance (ODA), 530.5 billion yen, up 12%, has been earmarked. MOFA's general-account budget requests total 764.9 billion yen, up 10.7% from the previous year.

Backed by the Liberal Democratic Party's (LDP) special committee to strengthen diplomacy (chaired by former Prime Minister Yoshiro Mori), launched on August 8, MOFA has characterized the fiscal 2007 budget as the first step toward realizing such targets as boosting ministry personnel by 2,000 over the next 10 years and increasing the number of embassies from the current 117 to more than 150.

However, in compliance with the plan to streamline the number of national public servants, adopted by the government at a cabinet meeting last October, MOFA has to cut approximately 250 officials over the next four years. In general-account appropriation requests, it will seek an increase of 312, while slashing 280 for streamlining. Chances are that the net increase in the number of MOFA officials will be no more than around 30.

8) Fiscal 2007 budget: MOFA makes bullish request of 12% increase in ODA; New construction of 10 diplomatic missions abroad also requested

NIHON KEIZAI (Page 2) (Almost Full) August 30)

The Ministry of Foreign Affairs (MOFA) yesterday decided to set appropriations for official development assistance (ODA) at approximately 530 billion yen, up 12.1% from the current year's level, in its general-account budget request for the fiscal 2007 budget. It will also seek money for the construction of 10 new mission facilities abroad. MOFA is visibly taking a bullish stance under the rubric of promoting strategic diplomacy. However, it is unclear to what extent its requests will be met under the government's austere fiscal policy. The Defense Agency (JDA) also intends to increase its budget request in missile defense-related areas.

MOFA will brief the Liberal Democratic Party's (LDP) on its general-account budget requests at today's joint meeting of the LDP's foreign affairs-related divisions. Its requests total 764.9 billion yen, up 10.7% from this year's level. The ODA budget (in general account terms), which commands approximately 70% of MOFA's budget appropriation requests, has decreased for the sixth consecutive year since the fiscal 2001 budget. MOFA, however, will seek a substantive boost in order to strengthen Asia diplomacy.

To strengthen its foreign missions, MOFA will ask for approximately 25.6 billion yen to be used mainly to increase the fixed number of diplomats by 312, establish new consulates general in Gingdao, China, and Bangarole, India, and strengthen MOFA's intelligence protection system.

Regarding ODA policy, the government in May established the Overseas Economic Cooperation Council (chaired by Prime Minister Junichiro Koizumi) at the Prime Minister's Official Residence (Kantei). The panel, under the leadership of Koizumi, Chief Cabinet Secretary

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Shinzo Abe, Foreign Minister Taro Aso and Finance Minister Sadakazu Tanigaki, has been in charge of mapping out a system of strategic planning. Abe, the front-runner in the LDP presidential race who attaches importance to foreign and security affairs, appear to be behind MOFA's bullish stance.

National defense-related divisions of the LDP at yesterday's joint meeting authorized JDA's general-account budget requests totaling approximately 4.86 trillion yen (up 1.5% from the current year). Within that framework, the appropriation request for missile-defense-related areas were increased 50%, based on

consideration being given to the North Korean missile launches in May. There was general understanding of such an increase, with one lawmaker noting, "The public is concerned about the imminent threat from North Korean missiles.

9) LDP's Kato says, "Japan-US relationship may cool"

TOKYO SHIMBUN (Page 2) (Full) August 30, 3006

Koichi Kato, former secretary general of the Liberal Democratic Party (LDP), delivered a speech yesterday at the Foreign Correspondents' Club of Japan. In it, he pointed out the possibility of Japan-US relations cooling after Prime Minister Junichiro Koizumi steps down from office. He stated, "President Bush might change his stance toward Japan after Prime Minister Koizumi leaves office."

Kato criticized the Koizumi government's economic policy, saying, "Placing much emphasis on the market economy, the government gave little consideration to communities and people's livelihoods."

10) Shiloh arrives in Yokosuka to counter North Korean missiles

SANKEI (Page 3) (Full) August 30, 2006

The US Navy's Aegis-equipped cruiser USS Shiloh arrived yesterday at the US naval base in Yokosuka, Kanagawa Prefecture.

The 9,950-ton, 172.8-meter-long cruiser carrying 360 crewmembers is loaded with sea-based Standard Missile-3 interceptor missiles capable of shooting down North Korean Rodong mid-range ballistic missiles.

The USS Mustin, a US Navy destroyer equipped with an advanced Aegis ballistic missile guidance system, and other warships are already deployed at the Yokosuka base. With the deployment of the Shiloh, the missile defense setup planned by the US administration is now almost fully operational.

11) Gov't, Okinawa officials start talks over Futenma in a tempest

NIHON KEIZAI (Page 2) (Full) August 30, 2006

The government yesterday launched consultations with Okinawa's prefectural and municipal governments over a plan to relocate the US Marine Corps' Futenma Air Station in the city of Ginowan, Okinawa Prefecture, to the island prefecture's northern coastal city of Nago. However, Okinawa prefectural and municipal government officials previously had decided to skip the first meeting of the

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consultative body as they were discontent with the central government's reluctance about Okinawa's request to continue state-sponsored economic development programs for the island prefecture's northern districts in return for cooperating on the airfield's relocation.

"We will not directly link northern development and base relocation." With this, State Minister for Okinawa Issues Yuriko Koike persuaded Okinawa Gov. Keiichi Inamine yesterday morning over the telephone to attend the meeting. Inamine changed his mind as he confirmed that view from Koike. However, such a view cannot be called a positive commitment of the government.

Defense Agency Director General Fukushiro Nukaga stressed in the meeting that the government would promote economic development along with Futenma relocation. Meanwhile, Koike also stated before the House of Representatives Special Committee on Okinawa Issues and Northern Territories in its meeting yesterday afternoon that the government would steadily implement economic development programs while facilitating consultations over Futenma relocation. Yet, the opposition bench raised a question about her statement.

Okinawa had asked Chief Cabinet Secretary Shinzo Abe to sit on the

consultative body in expectation for a political decision. However, Jinen Nagase, one of Abe's deputies, attended the meeting. "It's appropriate that cabinet ministers concerned handle specific matters," Abe said in a press conference. Abe added, "I haven't heard that Okinawa are troubled." With this, Abe distanced himself from the Okinawa issue.

12) Futenma talks kick off, but issue sidestepped

ASAHI (Page 2) (Abridged) August 30, 2006

The Japanese government yesterday held the first meeting of its consultative body with Okinawa's prefectural and municipal governments over a plan to relocate the US Marine Corps' Futenma Air Station in the city of Ginowan, Okinawa Prefecture, to the island prefecture's northern coastal city of Nago. The Okinawa prefectural government had once decided not to attend the meeting, but the prefectural government later changed its mind. The central government wants to expedite the planned relocation of Futenma airfield to the cape of Henoko in Nago. Meanwhile, Okinawa wants the central government to continue its economic development programs for the prefecture's northern districts. As it stands, Tokyo and Okinawa agreed to hold the first meeting of their consultative body. However, there is a gulf between Tokyo and Okinawa, with both Prime Minister Koizumi and Okinawa Gov. Inamine soon stepping down. The issue will likely be carried over to their respective successors.

In May this year, the government made a cabinet decision to discontinue its policy-based package of economic development measures for Okinawa's northern districts. Okinawa asked the government to continue the economic package apart from its acceptance of the government's plan to build an alternative facility at Henoko, while the Defense Agency was linking Okinawa's acceptance of the government's plan to a new package of economic development measures. So Tokyo and Okinawa were squaring off with each other.

Inamine and other Okinawa leaders came up to Tokyo on the evening of Aug. 28 and asked the government not to link economic development

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and Futenma relocation to Defense Agency Director General Nukaga's remarks. However, there was no answer from the government. Inamine therefore decided early yesterday morning to skip the meeting.

After 8 am that morning, State Minister for Okinawa Issues Koike, who was at the prime minister's office, called Inamine. She told Inamine over the telephone that the government would not touch on Nukaga's earlier remarks that linked economic development and Futenma relocation. So Inamine made up his mind to attend the meeting.

"I'd like to create an environment that will make it possible for us to carry out the relocation of Futenma airfield and the economic development of northern localities," Nukaga said in the meeting. Okinawa, which gives priority to economic development, and the Defense Agency, which wants to push ahead with Futenma relocation, took Nukaga's remarks there as "convenient" to them.

Inamine and other Okinawa leaders are looking ahead into this November's gubernatorial election. "If we can only hold the first meeting, we'll do the rest after the gubernatorial election," said an Okinawa prefectural government official close to Inamine. This official also said, "If pave the way to talks with the government, we can hand over this issue to the new governor."

13) Government to request 1.2 billion yen for cyberterrorism surveillance system

SANKEI (Page 3) (Full) August 30, 2006

The government decided yesterday to establish an anti-cyberattack office in the Cabinet Secretariat in fiscal 2007 to monitor all central government ministries and agencies around the clock to deal with cyberattacks. The government will request 1.21 billion yen for

the system in its fiscal 2007 budgetary request. The government has strengthened measures against cyberterrorism in cooperation with the private sector, establishing the Information Security Center in the Cabinet Secretariat in April 2005 to prevent cyberattacks on central government agencies and data leakage.

On the night of Aug. 27, the National Police Agency's website became inaccessible for three and a half hours after receiving a large volume of data. There seems to be no end to cyberattacks. A security information survey found that of all the government agencies, only the Fair Trade Commission's web server has taken necessary measures, such as steps to deal with cyberattacks at all times. Computer terminals at the 16 ministries and agencies were also found to be ill equipped.

The emergency anti-cyberattack office, staffed with 20 experts, will be placed under the Information Security Center. They will monitor data leakage and site defacing around the clock. Once a cyberattack is detected, they will notify the relevant agency and offer advice to deal with the situation.

14) Minshuto opposes convocation of extra Diet session on Sept. 22

YOMIURI (Page 4) (Full) August 30, 2006

The main opposition party Minshuto (Democratic Party of Japan)

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confirmed yesterday in an executive meeting that the party would oppose the plan to convene a special Diet session on Sept. 22. Diet Affairs Committee Chairman Kozo Watanabe criticized the government and ruling coalition, saying,

"Minshuto will decide who we will elect as prime minister at the (extra Diet session) at the Sept. 25 party convention to elect our party's president. It is extremely regrettable to ignore the position of the largest opposition party."

15) 38 freshman LDP lawmakers participate in pep rally for Abe

ASAHI (Page 4) (Full) August 30, 2006

Likeminded first-time House of Representatives members of the Liberal Democratic Party (LDP) held a pep rally for Chief Cabinet Secretary Shinzo Abe at the Diet building. Of the 82freshman LDP

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lawmakers, 38 gathered and 13 sent their proxies. It has now clear that many of the so-called "Koizumi's children" support Abe.

Tadayoshi Nagashima, who belongs to no faction, proposed the rally and it was planned, centering on new lawmakers belonging to the Mori faction. Those attended were 12 first-time lawmakers from the Mori faction; two each from the Tsushima, Niwa-Koga, and Ibuki factions; one from the Yamasaki faction, and three from the Nikai group; and 16 lawmakers with no factional allegiance. No lawmakers and no proxies attended from the Komura and Tanigaki factions and the Kono group.

Another group of new lawmakers belonging to no faction who are headed by Jiro Ono held a meeting yesterday, to discuss whether to support Abe. Ono's view was that the group should take a concerted action since the LDP mostly backs Abe now, but it failed to reach a consensus on Abe because following views were raised:

"If we will support Mr. Abe like other factions, we will be viewed as a faction," said Hideki Makihara. "That is different from our original purpose," said Yukari Iijima. Toshio Ukishima has already submitted his withdrawal notice, objecting to the policy proposed by Ono and others. The group, therefore, has put off making a decision.

Lawmakers, who raised objection to reaching a consensus on Abe, are not necessarily "anti-Abe," as seen in Makihara giving a speech at

the pep rally. As it stands, many freshman lawmakers support Abe.

16) Abe's younger brother prays for victory in LDP presidency at ancestral shrine in Iwate Prefecture

TOKYO SHIMBUN (Page 2) (Excerpts) August 30, 3006

An event will take place today at Iwa Shrine in Oshu City, Iwate Prefecture, to pray for a victory of Chief Cabinet Secretary Shinzo Abe in the upcoming Liberal Democratic Party (LDP) presidential race. Abe is known as a descendant of Abeno Muneto, a local ruling family in the Tohoku region in early 11th century. House of Councillors member Nobuo Kishi, Abe's younger brother, will attend the event to offer encouragement to him.

Former defense chief Tokuichiro Tamazawa, a member of the Mori

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faction, who fails from Iwate Prefecture, will host the event.

17) Senior member of rightwing group arrested for setting fire to Kato's home

ASAHI (Page 35) (Excerpts) August 30, 2006

Yamagata Prefectural Police yesterday arrested Tadashi Horigome, 65, on suspicion of arson and trespassing in connection with the fire at the home and office of former Liberal Democratic Party Secretary General Koichi Kato on the day marking the end of WWII. Horigome, a senior member of a rightwing group, was found in front of the house with stab wounds in his abdomen. He reportedly has admitted to the charges.

Kato has made statements critical of Prime Minister Koizumi's visits to Yasukuni Shrine. The police are questioning Horigome, believing that there was some ideological motive behind the incident.

The police have already searched two offices of the rightwing group and Horigome's home in Tokyo. It has also questioned others in connection with the case. The police now believe it is unlikely that the group was involved in the incident.

18) Zenshoku president carries out public-relations campaign for US beef

TOKYO SHIMBUN (Page 8) (Full) August 30, 2006

Zenshoku (located in Ibaraki City, Osaka), a restaurant chain, yesterday evening put dishes using US beef back on its menu at its 57 outlets of the barbecue restaurant chain "Den" across the country. Customers were able to enjoy US beef after the long embargo.

Zenshoku President Oishi held a press conference prior to opening the stores and stressed, "I went to the US myself and checked the safety of all beef we have purchased. I would not sell it if it were not safe."

Four types of beef -- chucks, short ribs, outside skirts and boned ribs -- were served. Prices were set at almost the same level as those of Australian products - 390-550 yen per dish. US flags were put on dishes so that customers could distinguish the country of origin.

As soon as the Hashiramoto store in Takatsuki City, Osaka opened at 5:00 p.m., a number of customers visited it and ordered US beef dishes. A company employee (23) from the city was eating US beef with a smile: "It is soft and good. The inspection is strict. I trust the safety of US beef." US beef is being sold at Zenshoku restaurants in Osaka, Tokyo, Kyoto, and Hyogo.